



MEMORANDUM

To: Board Members
Alaska Industrial Development and Export Authority

From: Tom Boutin
Executive Director

Date: October 23, 2019

Subject: Predevelopment Work for Resource Access Roads
Resolution No. G19-21

AIDEA staff is requesting the Board's approval for two predevelopment budget items which are proposed to be funded out of the Authority's Economic Development Fund (AS 44.88.172):

1. Ambler Mining District Industrial Access Project ("AMDIAP"): an additional \$718,000; and
2. West Susitna Access Road ("WSAR"): Phase I funding of \$50,000.

AIDEA MISSION

AIDEA's purpose is to promote, develop, and advance the general prosperity and economic welfare of the people of Alaska. The opening of new areas for natural resource development through the construction of access roads and/or transportation corridors is important in supporting economic development in connection with the extraction, transportation and production of timber, metals, minerals, hydrocarbons, petroleum products and other resources.

Under AS 44.88.172(a), AIDEA is entitled to expend money from the economic development account to finance, acquire, manage and operate development projects that the Authority intends to own and operate or to provide development project financing, all for projects defined under AS 44.88.900(13)(A), including roads and related infrastructure, that are intended for use.

BACKGROUND ON AMDIAP REQUEST

The Ambler Access project concerns the preparation of the scoping portion of an SF-299 ANILCA right of-way application for an approximately 200-mile industrial access road from the Dalton Highway to the Ambler Mining District in northwest Alaska. In 2009, the Alaska Department of Transportation and Public Facilities (DOT&PF) began evaluating multiple road and railroad routes that could provide access to the Ambler Mining District. Access to the District was assessed for both east and west alignments to the District. As a result of these studies a potential corridor was identified that would connect the Dalton Highway to the Ambler Mining District traversing the Gates of the Arctic National Preserve. In 2013, the project was transferred from DOT&PF to AIDEA. Subsequently, AIDEA applied with the U.S. Department of Interior, Bureau of Land

Management (BLM) to start the road permitting, an Environmental Impact Statement (EIS), in March 2017.

BLM released a draft EIS for the project on August 23, 2019 and is currently in the public comment phase. AIDEA staff anticipates that it will require \$718,000 in additional funding to cover costs necessary in progressing AMDIAP to the final EIS stage. These anticipated costs include expert consultant fees necessary to respond to comments on the draft EIS, prepare a Cultural Resources Plan, develop a U.S. Army Corps of Engineers Mitigation Plan, establish a Subsistence Committee, and to pay for on-going legal fees and travel costs.

AIDEA staff proposes the following budget allocation:

Subsistence Committee	\$100,000
Anti-Degradation Report for DEC (401 Clean Water Certification)	\$ 40,000
Cultural Resources Phase 1 Report	\$ 50,000
Additional Travel Expenses	\$18,000
Responding to requests for additional information based on Public Comments	\$175,000
Compensatory Mitigation Plan (USACE)	\$150,000
Additional funds to Third-Party Contractor to complete EIS to incorporate public comments	\$60,000
Cultural Resources Management Plan (CRMP) required under Section 106 of the National Historic Preservation Act to be drafted by third-party contractor NLURA	\$125,00
TOTAL	\$718,000

BACKGROUND ON WSAR REQUEST

In 2014, the Alaska Department of Transportation and Public Facilities (DOT&PF) Roads to Resources program completed an extensive natural resources inventory and access corridor study referred to as the West Susitna Reconnaissance Study for Access to Resource Development Opportunities (West Susitna Access Study). The purpose of the study was to identify multiple resource development opportunities that can be accessed by one transportation corridor, thereby attracting multiple private sector, non-governmental and governmental investments across resources.

The Matanuska-Susitna Borough (MSB) intends to plan, permit and construct an access route to the west side of the Little Susitna River. The planned extension advances the pioneer road two miles from the end of the West Susitna Parkway to the west side of the Little Susitna River. Advancing the work initiated by DOTP&F would also allow the MSB to access borough owned resources as well as enhancing MSB's fire suppression activities.

Therefore, AIDEA staff and MSB are seeking to enter into a partnership framework, working together on a phased feasibility analysis for the development of a multi-user transportation corridor

within the MSB to the Little Susitna River and further west within the MSB, advancing the work initiated by DOT&PF and providing access for resource development in this important region. AIDEA and MSB will initiate this framework under a Memorandum of Understanding and in partnership, through Contribution Agreements, with third party, non-governmental resource owners that benefit from these access routes.

Phase I of the WASR feasibility analysis will have a maximum budget of \$200,000 with contributions provided as follows:

- i. MSB: cap of \$50,000;
- ii. AIDEA: cap of \$50,000; and
- iii. Third Party Partners: cap of \$100,000.

The tasks for Phase I are agreed to be the following:

- a) Identification of the proposed and alternative transportation corridors;
- b) Gathering and acquiring digital data on the routes;
- c) Conducting field reconnaissance as required; and
- d) Defining the next phase(s) of the Project.

Phase I's analysis will consider three corridors: the Port MacKenzie Route (PMR), an East-West Route (EWR), and a South Route (SR). PMR is already well defined under the 2014 DOT&PF study from Port MacKenzie to the confluence of the Skwentna River and Talachulitna River with a crossing of the Susitna River at Susitna Station. The remainder of the PMR from the confluence of the Skwentna River and Talachulitna River west to the terminus in the Whistler Mining District is less defined. The EWR would follow the same route as the PMR from the Whistler Mining District to the Susitna River crossing, but east from the Susitna River the EWR would follow a more directly east-west alignment and tie into existing road and rail infrastructure to the West of Big Lake. The SR would follow the same route as the PMR from the Whistler Mining District to the vicinity of Thursday Creek and then would go south to Ladd Landing.

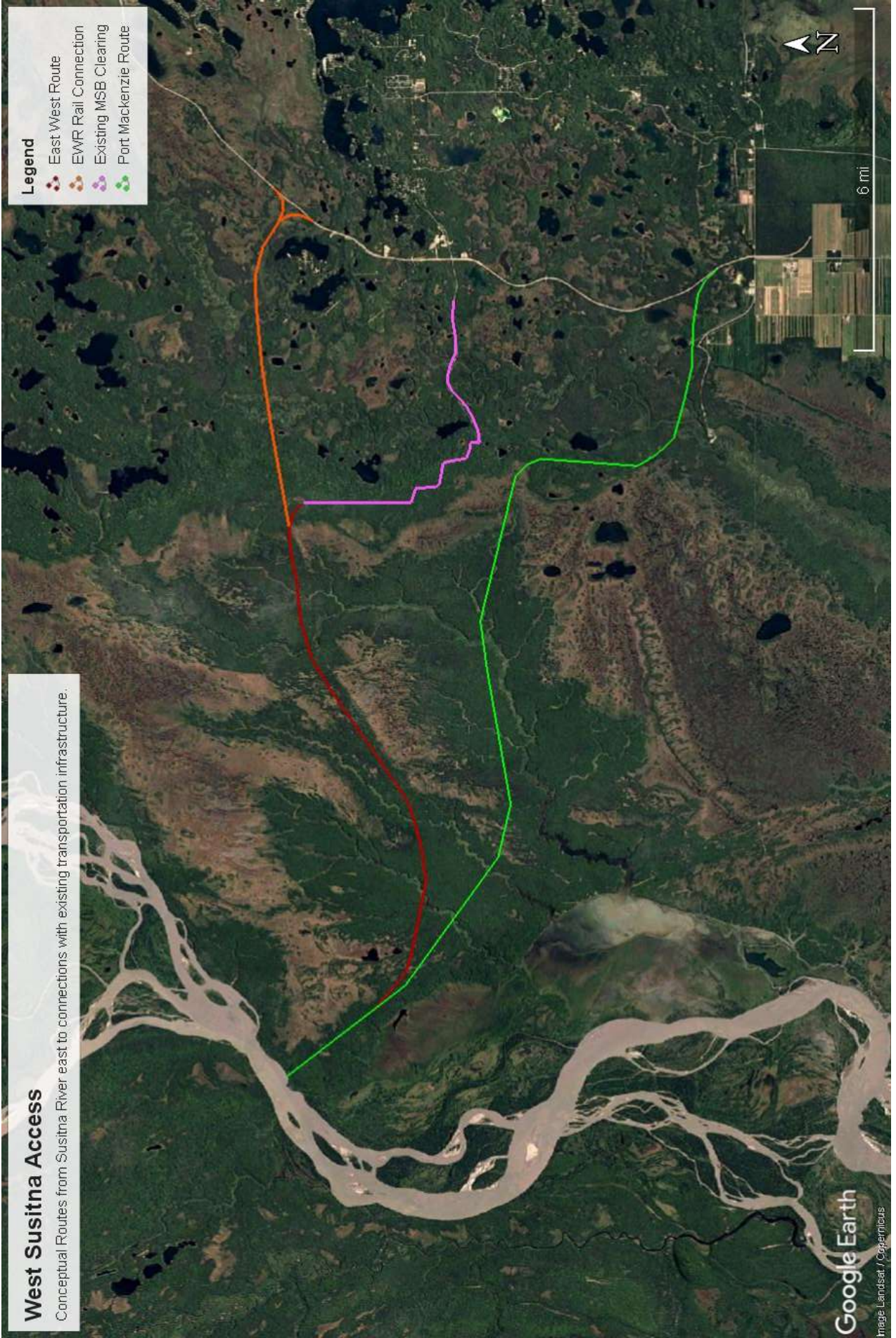
All data, reports, analyses, etc. obtained from this Phase I feasibility analysis of the proposed routes will be fully available to the MSB and AIDEA and will not be restricted for use in any way.

RECOMMENDATION

AIDEA staff recommends approval of this two predevelopment budget items under AS 44.88.172 to utilize economic development account funds. With the Board's approval, AIDEA's Executive Director will include these two budget items in the quarterly reports to Board on predevelopment projects.

Attachments

1. Preliminary Maps of potential routes to be identified
 - Port MacKenzie Route/South Route
 - East West Route
2. Form of MOU to be entered into between the Mat-Su Borough and AIDEA



West Susitna Access

Conceptual Routes from Susitna River east to connections with existing transportation infrastructure.

- Legend**
- East West Route
 - EWR Rail Connection
 - Existing MSB Clearing
 - Port Mackenzie Route



6 mi

MEMORANDUM OF UNDERSTANDING

The Memorandum of Understanding ("MOU") is made effective as of this ____ day of _____, 2019, by and between the Matanuska-Susitna Borough ("MSB") and the Alaska Industrial Development and Export Authority ("AIDEA"), each a "Party" and collectively the "Parties."

The Parties recite that:

A. In 2014, the Alaska Department of Transportation and Public Facilities (DOT&PF) Roads to Resources program completed an extensive natural resources inventory and access corridor study known as the West Susitna Reconnaissance Study for Access to Resource Development Opportunities. The purpose of the study was to identify multiple resource development opportunities that can be accessed by one transportation corridor, thereby attracting multiple private sector investments across resources.

B. AIDEA's purpose is to promote, develop, and advance the general prosperity and economic welfare of the people of Alaska. One of the ways in which AIDEA pursues the fulfillment of this purpose is by supporting and encouraging the development of natural resources in Alaska. AIDEA has the statutory authority to finance, develop, and own and operate facilities and improvements, including roads and related infrastructure, that are intended for use in connection with the extraction, transportation and production of timber, metals, minerals, hydrocarbons, petroleum products and other resources (each a "Resource" and collectively known as "Resources").

C. MSB intends to plan, permit and construct an access route to the west side of the Little Susitna River. The Parties are exploring the possibility of building a multi-user transportation corridor within the MSB to the Little Susitna River and further west within the MSB in advancing the work initiated by DOT&PF. The Parties acknowledge that such road(s) and infrastructure could and may be used, subject to the appropriate permits and agreements, to access MSB's Resources, as well as enhancing MSB's fire suppression activities.

D. The Parties intend to foster partnerships with other Resource owners, both publicly and privately owned, whose commercial and business activities within the MSB will benefit from the development of road(s) and infrastructure.

E. The purpose of this Memorandum of Understanding (MOU) is to clarify rights, roles, responsibilities, and expectations of each Party for the phased feasibility analysis, due diligence and development of the West Susitna Access Road (the "Project").

NOW, THEREFORE, the Parties agree as follows:

1. COOPERATION. The Parties will work cooperatively, act in good faith, and use reasonable best efforts to coordinate activities and responsibilities with each other in pursuit of the Project. The parties will cooperate with one another and furnish each other with any information regarding the Project or the planned development of the Project that the other Party may reasonably request. No Party, however, shall be obligated to disclose to the other Party confidential, proprietary information or information that is required to be kept confidential under applicable law.

This MOU is non-exclusive for both Parties. Either Party may cooperate and work with any other third persons and/or entities regarding the Project. This MOU is not intended, and shall not be deemed, to create a partnership or joint venture between the Parties. Neither Party shall owe a fiduciary duty to the other Party.

2. PHASED DEVELOPMENT. The Project will be budgeted and progressively pursued in phases to be mutually agreed by the Parties.

Subject to the terms of this MOU, the Parties hereby agree to pursue Phase I of the Project and will seek to complete all agreed tasks for Phase I by [December 31, 2019]. The tasks for Phase I are agreed to be the following:

- a. Identification of the proposed and alternative transportation corridors;
- b. Gathering and acquiring digital data on the routes;
- c. Conducting field reconnaissance as required; and
- d. Defining the next phase(s) of the Project.

The Parties hereby agree that AIDEA engages HDR Alaska, Inc. (HDR) and the Department of Natural Resources – Division of Geological & Geophysical Surveys (DNR DGGS) for their respective components of Phase I. The Parties have reviewed and approved detailed scopes of work and contract terms for Phase I of the Project and find the timeline acceptable to the Parties. The agreed scopes of work are attached as Exhibits B and C to this MOU.

3. BUDGET. The Parties will establish a project budget for each phase prior to the initiation of each phase of the Project.

The budget for Phase I of the Project is attached as Exhibit A. The Parties agree that costs for Phase I of the Project shall not exceed two hundred thousand dollars (\$200,000). The Parties shall share the costs of Phase I proportionately based on the following:

- a. MSB agrees to pay one-third of costs incurred, subject to a cap of \$50,000;
- b. AIDEA agrees to pay one-third of costs incurred, subject to a cap of \$50,000; and
- c. Funding will be raised from third party participants to pay one-third of costs incurred, subject to an initial cap of \$50,000 with an additional \$50,000 available as contingency to address incurred costs in excess of \$150,000.

MSB will provide its \$50,000 funding share up front to AIDEA who will also contribute its \$50,000 funding share to a designated project account held and controlled by AIDEA for Phase I of the Project. No funds will be disbursed from the designated project account, unless otherwise agreed to in writing by the Parties, until a full balance of \$200,000 is achieved.

Any expenditures to be incurred that exceed the Phase I Budget will require the written approval of the Parties. Any funded amounts which have not been disbursed from the project account at the end of the term of Phase I shall be refunded to the Parties and to any third party participants upon their written request, unless otherwise agreed to in writing by the Parties and the third party participants.

4. ROLES. The Parties shall have to the following roles and responsibilities:

- a. MSB will:
 - i. Lead the designation of the proposed and alternative transportation corridors;
 - ii. Identify Resources owned by MSB along the proposed and alternative transportation corridors and assist AIDEA in determining programs to achieve the economic value of the Resources; and
 - iii. Represent the Parties as applicant in all applicable approvals or permits necessary for the Project and lead discussions with federal, state and other local governmental entities (if any) regarding the Project.
- b. AIDEA will:
 - i. Engage HDR as consultant to undertake the agreed Phase I scope of work and lead communications between HDR and the Parties;
 - ii. Engage DNR DGGS to acquire, process, and distribute to AIDEA airborne Light Detection and Ranging (LIDAR) elevation data under a Reimbursable Services Agreement;
 - iii. Manage disbursements from the designated project account;
 - iv. Use commercially reasonable best efforts to raise \$100,000 in committed Phase I funding from third party Resource owners;
 - v. Identify and approach other third party Resource owners that will benefit from the Project to participate in future phases of the Project;
 - vi. Determine and structure the finance plan for the Project phases.
- c. MSB and AIDEA will jointly prepare and facilitate strategies to maximize the local and regional economic benefits and job opportunities associated with the Project.

5. RIGHTS. Except as provided for under Section 9 of this MOU, each Party to this MOU shall have full access and rights to use the data, reports, studies, analysis or any other work product produced under this MOU for any purposes determined at the sole discretion of that Party.

6. NO COMMITMENT. Nothing in this MOU obligates the Parties to take any specific action with respect to the Project other than Phase I. Nothing in this MOU obligates AIDEA to provide any financing for the development of the Project.

7. TERMINATION. The MOU may be terminated:

- a. By mutual consent of the Parties;
- b. For convenience of one Party, provided that the terminating Party notifies the other Party of its intent to terminate at least thirty (30) days prior to the effective date of the termination; or
- c. For cause, by either Party where the other Party fails in any material way to perform its obligations under the MOU. Termination for cause requires the terminating Party to notify the other Party of the intent to terminate, stating with reasonable specificity the grounds therefore, and the termination for cause shall be effective only if the other Party fails to cure the failure to perform within (30) days after receiving the notice.

Notwithstanding a termination, each Party will remain obligated to fund its share of the Phase I Budget, and any other approved budgets for subsequent phases of the Project, with respect to those costs that cannot be avoided or that must be incurred in closing out a contract or previously approved task order.

8. THIRD PARTY CLAIMS. Each Party will bear its own costs (including attorney's fees) with respect to any third-party claim brought against one or both of them that arises from or is related to this MOU.

9. CONFIDENTIALITY. The Parties acknowledge that their records with respect to the Project and matters connected to it are generally available to the public for inspection upon request.

In the event MSB desires AIDEA to keep confidential any information or records that MSB provides to AIDEA, MSB must specifically request that the Executive Director of AIDEA determine that the information or records be treated as confidential and MSB must demonstrate to AIDEA that the information or records are within the categories established in AS 44.88.215 or are confidential under other applicable law. Upon MSB complying with the preceding sentence, AIDEA shall keep all such information and records confidential pursuant to the provisions of AS 44.88.215.

The Parties acknowledge that certain documents and records related to this MOU or the Project may be subject to the attorney-client privilege. Nothing in this MOU is intended or will alter the Parties' ability or authority to maintain the privilege within their own respective organizations.

10. Governing Law; Forum Selection. This MOU and the rights of the parties under it are governed by the law of the State of Alaska. Any judicial proceeding arising out of or related to this MOU shall be filed and heard in the Superior Court for the State of Alaska, Third Judicial at Anchorage, and not elsewhere.

11. Amendments. Any Party may request changes to this MOU. Any changes, modifications, revisions or amendments to this MOU must be in a written instrument, which shall be effective when executed and signed by both of the Parties.

12. Third-Party Beneficiary Rights. The Parties do not intend to create in any other individual or entity the status of a third-party beneficiary, and this MOU shall not be construed so as to create any third-party rights.

13. Assignment. No Party may assign its rights or delegate its duties under this MOU to any other person or entity without the prior written consent of the other parties to the assignment or delegation.

14. Expiration. Unless sooner terminated as provided for in Section 7, this MOU and the Parties obligations under it expire three years after the effective date first stated above. The Parties, however, may extend this MOU by mutual written consent.

IN WITNESS WHEREOF, the parties to this MOU through their duly authorized representatives have executed this MOU effective as of the date first written above.

**ALASKA INDUSTRIAL DEVELOPMENT
AND EXPORT AUTHORITY**

By:_____

Thomas Boutin
CEO & Executive Director

MATANUSKA-SUSITNA BOROUGH

By:_____

John M. Moosey
Borough Manager

ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY

RESOLUTION NO. G19-21

**RESOLUTION OF THE ALASKA INDUSTRIAL
DEVELOPMENT AND EXPORT AUTHORITY RELATING
TO PREDEVELOPMENT WORK ON POTENTIAL ACCESS
ROAD PROJECTS**

WHEREAS, the Alaska Industrial Development and Export Authority (the “Authority”) has the ability under AS 44.88.172 to own and operate, or to finance, development projects that create infrastructure needed to bring natural resources to market;

WHEREAS, the opening of new areas for natural resource development through the construction of access roads is important in supporting economic development and is in furtherance of the Authority’s statutory mission;

WHEREAS, predevelopment work on access roads to proposed natural resource projects may require expenditures for planning, permitting, environmental work, feasibility studies, preliminary engineering, legal services, or other similar tasks before a determination can be made as to whether the project is viable or eligible for financing by the Authority;

WHEREAS, the Authority has been working on the Ambler Mining District Industrial Access Project (“AMDIAP”) for several years, and a draft environmental impact statement (“EIS”) on AMDIAP prepared by the U.S. Department of the Interior, Bureau of Land Management (“BLM”), is currently out for public comment;

WHEREAS, the Staff of the Authority anticipates that it will need to incur \$718,000 in additional costs to progress AMDIAP to the final EIS stage, which additional costs will include expert consultant fees to respond to comments on the draft EIS, to prepare a Cultural Resources Management Plan for the project, develop a U.S. Army Corps of Engineers Mitigation Plan, begin the process to establish a Subsistence Advisory Committee to manage impacts of the project on

subsistence users based upon the Subsistence Advisory Committee that advises the Red Dog Mine, and to pay for on-going legal fees and travel costs;

WHEREAS, the Authority also has an opportunity to work with the Matanuska Susitna Borough (“Borough”), and potentially with interested private parties, on predevelopment work for an access and transportation corridor that will open up the west side of Cook Inlet to natural resource developments (the “West Susitna Access Road”);

WHEREAS, the Staff of the Authority is working on a memorandum of understanding (“MOU”) with the Borough to outline the joint efforts the Authority and the Borough will take in carrying out a phased feasibility analysis as initial pre-development work for the West Susitna Access Road;

WHEREAS, the MOU will provide that the Borough and the Authority will each contribute up to \$50,000 for the preliminary engineering work and the Authority will seek a minimum additional \$100,000 in funds for the work from interested private parties; and

WHEREAS, pursuing the final EIS for AMDIAP and entering into the MOU with the Borough and paying up to \$50,000 for preliminary engineering work on the West Susitna Access Road are all in furtherance of the Authority’s statutory powers.

NOW, THEREFORE, BE IT RESOLVED BY THE ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY AS FOLLOWS:

Section 1. The Authority is authorized to continue to pursue, with the BLM, the issuance of the final EIS for AMDIAP and to contract with consultants, engineers, attorneys, and other professionals in doing so. The Authority is authorized to expend up to \$718,000 from the Revolving Fund to pay travel and overhead expenses and the fees of consultants, engineers, attorneys and other experts in pursuing the final EIS and related documents required under federal

and state law and expenditures that will advance the project such as the development of a Subsistence Advisory Committee:

Anti-Degradation Report for DEC (401 Clean Water Certification)	\$ 40,000
Cultural Resources Phase 1 Report	\$ 50,000
Additional Travel Expenses	\$18,000
Responding to requests for additional information based on Public Comments	\$175,000
Compensatory Mitigation Plan (USACE)	\$150,000
Additional funds to Third-Party Contractor to complete EIS to incorporate public comments	\$60,000
Cultural Resources Management Plan (CRMP) required under Section 106 of the National Historic Preservation Act to be drafted by third-party contractor NLURA	\$125,000
Begin the process of establishing a Subsistence Advisory Committee	\$100,000
TOTAL	\$718,000

Section 2. The West Susitna Access Road shall be a development finance project of the Authority under AS 44.88.172. The Authority is authorized to enter into the MOU with the Borough regarding predevelopment work on the West Susitna Access Road. The Executive Director is authorized and directed to complete the negotiations regarding the MOU, to sign the MOU on behalf of the Authority, and to cause the Authority to perform its obligations under the MOU.

Section 3. The Authority is authorized to contract for predevelopment work on the West Susitna Access Road with engineers and other professionals, as contemplated in the MOU with the Borough. The Authority is authorized to expend up to \$50,000 from the Revolving Fund to pay for the predevelopment work on the West Susitna Access Road. This authorization includes any expenditures committed or incurred by the Authority for this project prior to this resolution date.

Section 4. If the Executive Director determines it to be appropriate, the Authority is authorized to enter into agreements with interested private parties with respect to the private parties regarding funding predevelopment work, or portions of it, on the West Susitna Access Road as contemplated in the MOU with the Borough.

Dated at Anchorage, Alaska, this 23rd day of October, 2019.

Chair

ATTEST
[SEAL]

Secretary